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DEPARTMENT OF NATURAL RESOURCES
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November 19, 2001

TO: Internal File

THRU: Karl R. Houskeeper, Reclamation Specialist *KRH by gm*

FROM: Wayne H. Western, Sr. Reclamation Specialist/Engineering *WHW*

RE: Midterm Review, West Ridge Resources, Inc., West Ridge Mine, C/007/041

SUMMARY:

As part of the midterm review, for the West Ridge Mine, the Division reviewed the reclamation cost estimate. The Division determined that the Permittee has adequate bond to cover reclamation costs.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of bond amount

The Division reviewed the reclamation cost estimate for the West Ridge Mine as part of the midterm review. The Division determined that the reclamation cost for the West Ridge Mine is \$1,599,000 in 2004 dollars. The current bond is for \$2,117,000. The main reason for the cost reduction is the modified method that the Division is now using to calculate reclamation costs.

TECHNICAL MEMO

The Division is in the process of review and modifying all reclamation bonds to conform with the new bonding methods and covert the spreadsheet to Excel. The Division should inform the Permittee of the changes and ask them if they would like to review the revised bond calculations.

Findings:

The Permittee has met the minimum requirements for this section of the regulations.

RECOMMENDATIONS:

The Division should inform the Permittee that the reclamation cost estimates have been modified and ask the Permittee if they want to review the new reclamation cost estimates.

Since the Division is in the process of converting all bonds into the new bonding format and IS in the process of reviewing the administrative aspects of all bonds in the next six months the Division should ask the Permittee if they want to review the bonds for all their operations at this time.